

**A RESOLUTION BY  
TRANSPORTATION COMMITTEE**

**05-12-0690**

**A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE AGREEMENT WITH SWISSPORT CARGO SERVICES, LP, COVERING THE OCCUPANCY AND USE OF CARGO BUILDING "D" IN THE SOUTH CARGO AREA AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, CONSISTING OF APPROXIMATELY 3.959 ACRES OF LAND, TOGETHER WITH A CARGO BUILDING, COMPRISING APPROXIMATELY 127,070.97 SQUARE FEET OF CARGO WAREHOUSE AND OFFICE SPACE, APRON OPERATIONS AREA PAVEMENT, AND TRUCK DOCKING AREA PAVEMENT FOR OPERATION OF AN AIR CARGO FACILITY; AND FOR OTHER PURPOSES.**

**WHEREAS**, the City of Atlanta (the "City") has developed the South Cargo Area at Hartsfield-Jackson Atlanta International Airport (the "Airport") for use by airlines and other firms engaged in the air cargo and air freight business at the Airport; and

**WHEREAS**, Swissport Cargo Services, LP ("Swissport") is engaged in the business of providing services to airlines and others engaged in the air cargo and air freight business and heretofore has occupied Building D of the South Cargo Area under an operating agreement with KLM Royal Dutch Airlines; and

**WHEREAS**, KLM Royal Dutch Airlines, the lessee of record with the City, previously provided the requisite notice to the City to terminate its lease and Swissport is now desirous of remaining in the space under terms acceptable to the City.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA**, that the Mayor or her designee be and is hereby authorized to execute, on behalf of the City of Atlanta, a Lease Agreement with Swissport Cargo Service, LP, which shall provide for the occupancy and use by Swissport of Cargo Building D on Tract D, consisting of approximately 3.959 acres of land in the South Cargo Area, together with the improvements existing or to be constructed thereon, consisting of approximately 127,070.97 square feet of cargo warehouse and office building space, approximately 13,225.00 square feet of airside operations area and approximately 55,399.02 square feet of landside operations, as its Exclusive Leased Premises and the non-exclusive use of the Employee Parking Lot (s) to be shared by all tenants in Tracts C and D of the South Cargo Area, all on substantially the following terms and conditions:

1. For a term of fifteen (15) years (the "Term") with no renewal options, subject to the right of the City to terminate the agreement at any time during the Term with at least one hundred and eighty (180) days written notice prior to the effective date of such termination.
2. With payment of rental for the land area (the "Land Rental") within the Exclusive Leased Premises to be computed at the initial rate of \$0.373 per square foot per year through December 31, 2006, and subject to escalation every five years by 6.5% over the five year period.
3. With payment of rental for the improvements ("Building/Facilities Rental") on the Exclusive Leased Premises, to be computed at the rate of \$14.00 per square foot per

year for the Building Area and \$0.84 per square foot per year for the Pavement Area. Effective July 1, 2007 and every 2.5 years thereafter the building rent and pavement area rent shall increase at the lesser of 4% per annum or the CPI rate.

4. With payment of an Maintenance and Operation ("M&O") Charge based on the cost incurred by the City in maintaining and operating the common use areas and facilities of the South Cargo Area, estimated initially to be \$0.26 per square foot per year, and subject to adjustments annually.
5. With provision for the Swissport, throughout the Term of the Lease Agreement, and at no expense to the City, to be responsible for the performance of maintenance and repairs of the Exclusive Leased Premises, keeping and maintaining said Exclusive Leased Premises, and all improvements, landscaping, fixtures and equipment, which may now or hereafter exist thereon, in good, sanitary order and repair, and in good safe and presentable condition consistent with the highest form of business practices.
6. With provision for the Swissport to accept the Exclusive Leased Premises in its "as is" condition on the date the Lease Agreement is executed, including and not limited to any existing environmental conditions and to accomplish any improvements to the Exclusive Leased Premises which are necessary to establish and operate an air cargo facility in compliance with all codes governing such construction, at no cost or expense to the City.
7. With the express stipulation that the Exclusive Leased Premises shall be used for air cargo purposes and for no other purpose (excepting only a parent, or successor corporation).
8. With the express stipulation that neither the Lease Agreement nor the Exclusive Leased Premises shall be subleased or assigned without the prior written consent of the City's Aviation General Manager and in such event only to an air cargo airline or other firm engaged in an air cargo business.
9. With the express stipulation that the Swissport shall pay or cause to be paid, prior to delinquency, any lawful taxes, and any assessments levied or assessed (a) on the Exclusive Leased Premises, (b) on all property interests Swissport may have in the Exclusive Leased Premises, and (c) on any improvements, fixtures, and equipment existing on the Exclusive Leased Premises and on any personal property on, in or about any buildings or improvements comprising or situated on the Exclusive Leased Premises.
10. With provision for the Swissport to contract for and pay all utility charges for utilities used by it at and upon the Exclusive Leased Premises.
11. And including such other terms and conditions as are required by City Ordinances or Federal Regulations or as are customarily included in leases of a similar nature at the Airport

**BE IT FURTHER RESOLVED**, that the City Attorney be and hereby is directed to prepare said agreement for execution by the Mayor, with same to be approved as to form by the City Attorney.

**BE IT FINALLY RESOLVED**, that said Agreement shall not become binding on the City and the City shall incur no liability hereunder until the same has been signed by the Mayor and delivered to the Swissport.

## ***Legislative White Paper***

### **Committee of Purview:**

**Caption**                      A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE A LEASE AGREEMENT WITH SWISSPORT CARGO SERVICES, L.P. COVERING THE OCCUPANCY AND USE OF CARGO BUILDING "D" IN THE SOUTH CARGO AREA AT HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, CONSISTING OF APPROXIMATELY 3.959 ACRES OF LAND, TOGETHER WITH A CARGO BUILDING, COMPRISING OF APPROXIMATELY 127,070.97 SQUARE FEET OF CARGO WAREHOUSE AND OFFICE SPACE, APRON OPERATIONS AREA PAYMENT, AND TRUCK DOCKING AREA PAVEMENT, FOR THE CONTINUATION OF AN AIR CARGO FACILITY OPERATION; AND FOR OTHER PURPOSES.

**Council Meeting Date:**        05/02/05

**Legislation Title:**              Lease Agreement with Swissport Cargo Services, L.P. covering the occupancy and use of Cargo Building "D" in the South Cargo Facility.

**Requesting Dept.:**              Department of Aviation

**Contract Type:**                Lease Agreement

**Source Selection:**              N/A

**Bids/Proposals Due:**          N/A

**Invitations Issued:**          N/A

**Number of Bids/  
Proposals Received:**        N/A

**Bidders/Proponents:**        N/A

**Justification Statement:**      Swissport Cargo Services, L.P. ("Swissport") currently occupies Building D of the South Cargo Area consisting of 127,070.97 square feet of space pursuant to a former operating Agreement with KLM Royal Dutch Airlines, the original lessee of record with the City. On May10, 2003, KLM gave notice to the City of its cancellation of the lease pursuant to the lease termination provisions. Swissport has expressed an interest in remaining in the space under terms acceptable to the City in order to maintain continuity for both its operations and the City's revenue stream. Acceptable lease terms have now been negotiated between the City and Swissport and therefore a new lease with Swissport is recommended for approval.

**Background:**

This paper will authorize the Mayor to execute a lease agreement with Swissport Cargo Services, L.P., for the continuation of Swissport's cargo operation in Building D of the South Cargo Complex. The original agreement covering this space was between the City of Atlanta and KLM Royal Dutch Airlines and approved September 21, 1998 pursuant Resolution #98-R-1699. Swissport Cargo Services, as successor to Gateway Cargo Services, conducted its operations at Cargo Building D under an operating agreement with KLM Royal Dutch Airlines. Due to various acquisitions and mergers, Swissport is no longer affiliated with KLM Royal Dutch Airlines, and consequently, KLM gave notice to the City of Atlanta of its termination of the lease. Swissport desires to continue its operations at the Cargo Building D and is willing to negotiate lease terms acceptable to the City.

**Fund Account Center:** N/A

**Source of Funds:**

**Fiscal Impact:** N/A

**Term of Contract:**

**Method of Cost Recovery:**

**Approvals:**

**DOF:**

**DOL:** Yes

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